

Message Text

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ACTION EB-08

INFO OCT-01 AF-10 ARA-10 ISO-00 SP-02 ICA-11 AID-05
NSC-05 TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-10 NSAE-00 XMB-02 OPIC-03
LAB-04 SIL-01 AGRE-00 /099 W
-----086100 240256Z /23

R 222202Z AUG 78
FM AMEMBASSY BOGOTA
TO SECSTATE WASHDC 9683
INFO AMEMBASSY BRASILIA
AMEMBASSY MEXICO
AMEMBASSY CARACAS
AMEMBASSY ABIDJAN
AMEMBASSY SANTO DOMINGO
AMEMBASSY GUATEMALA
AMEMBASSY SAN SALVADOR
AMEMBASSY TEGUCIGALPA
AMEMBASSY MANAGUA
AMEMBASSY SAN JOSE
AMEMBASSY PANAMA
AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO

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E.O. 11652: N/A
TAGS: ETRD, EAGR, CO
SUBJ: COFFEE

1. SUMMARY: ALL MAJOR COLOMBIAN DAILIES GAVE EXTENSIVE COVERAGE TO
ARRIVAL OF LATIN AMERICAN AND IVORY COAST COFFEE REPRESENTATIVES
IN BOGOTA FOR TWO-DAY SUMMIT TO DISCUSS: 1) EFFECTS OF BRAZILIAN
FREEZE ON WORLD EXPORT AVAILABILITIES OF COFFEE AND RESULTANT PRICE
IMPACT; 2) COMMON POLICY AMONG PRODUCERS TO BE PRESENTED AT ICO
MEETING SEP. 13; AND 3) WHAT PRICE LEVELS WOULD BE ACCEPTABLE TO
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BOTH PRODUCER AND CONSUMER INTERESTS IN LIGHT OF RECENT EVENTS.
MAJORITY OF COMMENTS OBTAINED FROM PRINCIPAL COFFEE PRODUCER
REPRESENTATIVES INTERVIEWED EVENING OF AUGUST 21, IMPLIED INTER-
EST ON PART OF PRODUCERS TO COME TO AGREEMENT WITH CONSUMING
COUNTRIES WITHIN CONTEXT OF INTERNATIONAL COFFEE AGREEMENT.
END SUMMARY.

2. WITH ARRIVAL OF LATIN AMERICAN COFFEE REPRESENTATIVES (LIST BELOW) IN BOGOTA, EVENING OF AUGUST 21, FOR TWO-DAY SUMMIT TO DISCUSS THE PRESENT AND FUTURE COFFEE SITUATION AND POLICY, COLOMBIAN PRESS ATTEMPTED TO EXTRACT INDIVIDUAL POLICY VIEWS AND OPINIONS WITH REGARD TO UPCOMING MEETINGS.

3. REGARDING EXTENT OF PRODUCTION LOSS DUE TO FREEZE IN MAJOR BRAZILIAN COFFEE STATES, CAMILO CALAZANS WAS QUOTED AS SAYING THAT THE ESTIMATE OF LOSS IS CURRENTLY AT 30 PERCENT OF TOTAL CROP RANGING BETWEEN 4-6 MILLION BAGS. YESTERDAY, CALAZANS WAS ATTRIBUTED TO STATEMENT OF REDUCTION IN STATES OF PARANT OF 64 PERCENT; SAO PAULO 30 PERCENT; AND MINAS GERAIS 5 PERCENT, BRINGING TOTAL TO 8 MILLION BAGS. ESTIMATE OF 3-4 MILLION TONS WAS ONE QUOTED MOST OFTEN IN OTHER COLOMBIAN NEWS MEDIA ON AUGUST 4, HOWEVER.

4. SEVERAL COFFEE REPRESENTATIVES WERE QUESTIONED WITH REGARD TO AN ACCEPTABLE PRICE WITHIN WHICH A REVISED ICA MIGHT OPERATE. WHILE THE MAIN ARTICLE IN TODAY'S "EL TIEMPO" IMPLIED A CONSENSUS OF PRODUCERS FOR A PRICE RANGE BETWEEN US \$1.70-US\$2.20 PER POUND; ALSO PROFESSED BY GUATEMALAN REP. PLOCHARSKI, FALLA CACERES (EL SALVADOR) MENTIONED A PRICE "AROUND US\$2.20," WHILE OTHERS, MEXICAN AND COSTA RICAN DELEGATES REFUSED TO DIVULGE ANY ACCEPTABLE PRICE LEVEL. IN MONDAY'S "ESPECTADOR" ARANGO LONDONO, PRESIDENT OF COLOMBIAN COFFEE GROWERS COMMITTEE, WAS QUOTED AS REFERRING TO A PRICE TARGET OF US\$2.20 PROPOSED BY EX-PRESIDENT LOPEZ LIMITED OFFICIAL USE

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MICHELSSEN SOME MONTHS AGO. ARANGO ADDED THAT IN ORDER TO MAINTAIN STABLE PRICES AND NOT PREJUDICE CONSUMERS, A PRICE OF US\$1.80 OUGHT TO BE AGREED UPON.

5. BOTH COSTA RICAN DELEGATE AND COLOMBIAN PRESS MENTIONED BRAZILIAN AND OTHER COFFEE PRODUCING COUNTRIES RELUCTANCE TO RESPOND TO EARLIER COLOMBIAN INITIATIVE TO STABILIZE COFFEE PRICES AFTER 1975 BRAZILIAN FROST.

6. OTHER QUOTES OF INTEREST FROM OTHER DELEGATES INCLUDE ONE OF FALLA CACERES SAYING THAT TO "REVEAL ONE'S STOCK LEVEL IS TANTAMOUNT TO INFORMING THE ENEMY OF YOUR WEAPONRY". ALSO, CACERES CLAIMED EL SALVADOR ONLY COUNTRY WITH SIZEABLE STOCKS AND THAT BOTH COLOMBIA AND BRAZIL NOT TELLING THE TRUTH ABOUT THEIR STOCK LEVELS. AGUILERA GOMEZ (MEXICO) CLAIMED HE HAD COME TO BOGOTA TO REACH AGREEMENT ON A NEW TRIGGER PRICE, PRICE RANGE AND QUOTAS, AND THAT ICA CLAUSES, "MOST CONVENIENT MEANS BY WHICH TO REACH AGREEMENT." VENEZUELAN DELEGATE EXPECTED TO PROPOSE ONCE AGAIN IDEA OF INTERNATIONAL COFFEE MARKETING AGENCY. COMMENT: BEGIN LOU VENEZUELAN PROPOSAL NOT LIKELY TO BE DISCUSSED AT LENGTH AS ACCEPTANCE BY OTHERS NOT EXPECTED. END COMMENT AND LOU.

7. COFFEE DELEGATE LIST: 1) BRAZIL-CAMILO CALAZANS DE MAGALHAES, IBC; DON JORIO DAUSTER, FOREIGN SECRETARY; 2) COLOMBIA-JAIME GARCIA PARA, FINANCE MINISTER; GOMEZ JARAMILLO, MANAGER (CCF); JOSE JUAN TURBAY. 3) IVORY COAST - JEAN MARIER KACOU GERVAIS, PERMANENT REP. IN LONDON; 4) COSTA RICA-CLAUDIO CASTRO TOSSI; VP OF BOARD OF DIRECTOR COFFEE OFFICE; 5) EL SALVADOR - RICARDO FALLA CACERES, MANAGER, SALVADOR COFFEE COMPANY; CARLOS HIPOLITO MURILLO, ASST. SEC. OF ECONOMY; RAFAEL ISIDORO NIETO, PRES. SALVADOR COFFEE COMPANY; 6) GUATEMALA - EDGAR PONCIANO, MIN. OF AGRICULTURE; TEDDY PLOCHARSKI, PRES. ANACAFE; 7) HONDURAS - FERNANDO MONTES, MGR. INSTITUTO HONDURENO DEL CAFE; 8) MEXICO - MANUEL AGUILERA GOMEZ, DIR. INMECAFE; 9) VENEZUELA - PEDRO ANGEL VASQUEZ, DIR. GEN. FONDO NAC. DEL CAFE.
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FOR ASST. SECY KATZ: GOMEZ JARAMILLO NOTIFIED YOUR AVAILABILITY TO MEET WITH HIM ON AUGUST 29 AND 30.
ASENCIO

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, COFFEE, PRODUCTION, AGREEMENTS, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 22 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978BOGOTA07980
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780345-1201
Format: TEL
From: BOGOTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780835/aaaabcrd.tel
Line Count: 140
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 63c1bf5d-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1653152
Secure: OPEN
Status: NATIVE
Subject: COFFEE
TAGS: ETRD, EAGR, CO
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/63c1bf5d-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014